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RUEHLB/AMEMBASSY BEIRUT PRIORITY 5306  
RUEHEG/AMEMBASSY CAIRO PRIORITY 3825  
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 6120  
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RUCNDT/USMISSION USUN NEW YORK PRIORITY 8395  
RUEHJI/AMCONSUL JEDDAH PRIORITY 1179  
RUEHJM/AMCONSUL JERUSALEM PRIORITY 1810  
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RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY  
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 000824

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM  
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
HQ USAF FOR XOX  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
PARIS ALSO FOR POL  
ROME FOR MFO

SIPDIS  
E.O. 12958: N/A  
TAGS: OPRC KMDR IS

SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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All media reported that last night two police officers were killed by shots fired at their patrol car near the settlement of Masu'a, in the northern Jordan Valley. Police suspect the shots were fired by Palestinian terrorists. Early this morning an anonymous caller speaking on behalf of an organization called the "Imad Mughniyah

Group" claimed responsibility for the shooting attack.

HaQaretz and The Jerusalem Post reported that Israel is on the verge of finalizing the terms of an exchange deal for Gilad Shalit. Leading media reported that PM Ehud Olmert postponed the cabinet meeting on the matter until tomorrow. Yediot reported that the Schijveschuurder brothers, whose family was murdered in the August 2001 Sbarro Pizzeria suicide bombing in Jerusalem, lead a group that will try to halt terrorists slated to be released in the Shalit deal.

HaQaretz reported that yesterday Nabil Abu Rodeineh, an aide to Palestinian President Mahmoud Abbas, lambasted Olmert over his assertion that Israel had been prepared to sign a peace agreement but was held up by the Palestinians' "weakness and lack of courage."

"Israel did not present a single map and not a single serious position that could lead to a real peace on the base of two states," Abu Rodeineh told the French news service AFP. "The [Israeli] proposals did not include conditions for the creation of an independent Palestinian state on all Palestinian territory occupied in 1967 with East Jerusalem as its capital." Abu Rodeineh called Olmert's comments, which he made at the weekly cabinet meeting yesterday, "completely false." Mere days before the end of his term, Olmert used the platform of the cabinet meeting to present an overview of his administration's achievements. "The fact that we haven't reached [a peace agreement] so far is due to the weakness and lack of courage on the part of the Palestinian leadership," Olmert told the weekly meeting of his ministers. "Everything else is just excuses and efforts to derail the talks." "We were ready to sign a peace deal but the Palestinians unfortunately did not have the courage to do so," he was quoted as saying.

HaQaretz reported that Adm. Michael Mullen, the Chairman of the Joint Chiefs of Staff, warned last Thursday in an interview with PBS that an Israeli attack on Iran might lead to escalation, undermine the region's stability, and endanger the lives of Americans in the Persian Gulf "who are under the threat envelope right now." Asked by interviewer Charlie Rose what would happen if Israel attacked Iran, Mullen, referring to the frequent statement that "all options are on the table," said such an "option generates a much higher level of risk in terms of outcomes in the region and it really concerns me." However, he also expressed concern about Iran acquiring nuclear capabilities, saying it would "be very destabilizing" to the region because "their neighbors are extremely concerned about it. I worry about the proliferation which would occur."

Leading media reported that yesterday Likud and Yisrael Beiteinu signed an agreement. HaQaretz quoted Likud leaders close to the partiesQ coalition talks as saying on Saturday that Kadima leader Tzipi LivniQs insistence on a rotation arrangement is undermining the creation of a unity government. Livni met with Likud Chairman Benjamin Netanyahu in secret on Wednesday. Maariv reported that Netanyahu has offered Livni the management of the diplomatic negotiations. The media quoted sources as saying that there had been a QnarrowsingQ of differences since previous meetings, though gaps between them remain.

Yesterday The Jerusalem Post reported that on Thursday a senior U.S. official voiced Qrare criticismQ of close ally Britain in questioning its decision to talk to elements of Hizbulah, in a move that suggested the limits of AmericaQs own regional engagement efforts.

The Jerusalem Post reported that activists affiliated with the Islamic Movement in Israel are denouncing plans to build a police station in the Western Wall plaza, describing it as an attack on the nearby Al-Aqsa mosque. However, police were quoted as saying that the plans call for rebuilding a station in the exact location that one previously stood for some three decades.

Leading media reported that Tristan Anderson, of Oakland, CA, was struck in the head by a tear gas canister fired by Israeli troops in the West Bank. He underwent surgery in Israel.

The Jerusalem Post quoted the Transportation Ministry as saying yesterday that the European Aviation Safety Agency does not intend to blacklist Israeli airlines.

Yesterday The Jerusalem Post reported that Congressman Brad Sherman (D-CA) has announced that the first allocation under the new U.S.-Israel Energy Cooperation Act was made in the federal budget due to reach President Barack Obama's desk in the coming days. The \$2 million in funding will go to grants aimed at the cooperative development of alternative energy and efficient energy technologies.

The act, pushed by the American Jewish Congress, was signed under the previous administration.

Ha'aretz reported that last week Democratic Congressman Henry Waxman (CA) and Republican Congressman Nathan Deal (GA) submitted a bill to promote innovation with respect to life-saving drugs and greater accessibility to them. William Marth, president and CEO of Teva North America, has welcomed the new bill -- probably because it sides with generic drug companies in their tough battle with companies that develop innovative drugs. (In the past, the Israeli pharmaceuticals company Teva, a world leader in the development of generic drugs, clashed with the U.S. Trade Representative.)

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Mideast:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: Olmert has thus far failed to bring Shalit back, and he has a moral obligation to resolve the issue before he leaves office.... But if it is not finalized this week, Netanyahu must press on with it and finally bring the soldier's captivity to an end.

The conservative, independent Jerusalem Post editorialized: QThe thought that relatively moderate Palestinians judge even [outgoing Prime Minister Ehud Olmert's] far-reaching compromises insufficient leaves those of us who support a two-state solution disenchanted.

Europe correspondent Nadav Eyal wrote from Belfast in the popular, pluralist Maariv: QThe implementation of a Northern Ireland-like solution is in effect the establishment of a binational state with the Palestinians.... If Netanyahu doesn't want to be dragged into comparable solutions, he had better reconsider his objection to the establishment of a Palestinian state.

Prominent liberal author A. B. Yehoshua wrote in Maariv: QIf the prisoner exchange reinforces quiet for both sides, then the word QpriceQ will soon be forgotten, to be replaced by the word Qpeace.

Block Quotes:  
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II. "Decide on Shalit"

The independent, left-leaning Ha'aretz editorialized (3/16): QIsrael has found itself in a strategically inferior position in the Shalit affair. Lacking a credible military alternative to extract Shalit from his abductor's clutches, the government has had to back down from its original refusal to negotiate with Hamas and agree to exchange Shalit for hundreds of Palestinian prisoners, including QheavyweightQ terrorists. But once this principle was accepted, it is difficult to understand why Olmert has repeatedly delayed the deal due to disputes over secondary issues like whether some of the freed Palestinian prisoners should be deported overseas. Hamas did not soften its stance even under Israel Air Force bombardment and a ground invasion of Gaza during Operation Cast Lead; it is unlikely to present a position more palatable to Israel just because Israel's government changes.... Olmert has thus far failed to bring Shalit back, and he has a moral obligation to resolve the issue before he

leaves office. His designated successor, Benjamin Netanyahu, has urged Olmert to conclude the prisoner swap. But if it is not finalized this week, Netanyahu must press on with it and finally bring the soldier's captivity to an end.

## II. "A Sunday Confession"

The conservative, independent Jerusalem Post editorialized (3/16): QMany mainstream Israelis might have had a very hard time going along with Olmert's concessions. Yet the thought that relatively moderate Palestinians judge even these far-reaching compromises insufficient leaves those of us who support a two-state solution disenchanted. There are other possible reasons, beyond the one offered by [Palestinian negotiator Nabil] Abu Rodeineh, as to why Abbas rejected Olmert's peace offer: The Palestinians may not be interested in a deal if the price is giving up the Qright of return and/or leaving Israel with defensible boundaries. The implication: Even moderate Palestinians still want to destroy Israel, albeit in stages. Abbas never prepared his people for the idea that they, too, would have to make painful concessions for peace. Implication: Either Abbas doesn't think he can sway Palestinian opinion or he thinks accepting Israel's QexistenceQ is concession enough. No deal is possible while Iran casts a shadow of rejectionism over the region, Hamas rules in Gaza and Hezbollah is ascendant in Lebanon. Moderate Palestinians expect the Obama administration to force Israel into making concessions even Olmert thinks are too dangerous. Whatever the reason, the outcome -- Palestinian intransigence -- was all too sadly predictable.

## III. "Northern Ireland Is Not Good for the Jews"

Europe correspondent Nadav Eyal wrote from Belfast in the popular, pluralist Maariv (3/16): QThis weekQs terrorist attacks in Northern Ireland and the response by both communities -Q Catholics and Protestants -Q reaffirmed the might of the Good Friday agreement, as well as its flaws.... The ability to compare the Irish conflict and ours is limited.... The implementation of a Northern Ireland-like solution is in effect the establishment of a binational state with the Palestinians -Q a disaster for those who see Israel as the national home of the Jewish people. This is perhaps the first lesson from Northern Ireland: We donQt want to reach an agreement similar to the Good Friday one, because the meaning of such an agreement would be the end of the Jewish state. If Netanyahu doesnQt want to be dragged into comparable solutions, he had better reconsider his objection to the establishment of a Palestinian state.

## IV. "Not a Deal, a Gesture"

Prominent liberal author A. B. Yehoshua wrote in Maariv (3/16): QWe should stop speaking in terms of a deal and start speaking in terms of a gesture and goodwill instead.... We and the residents of Gaza seek calm.... Let's look at the prisoner release as part of the incentive for upholding the calm and cease-fire between the Gaza Strip and the communities surrounding it-all this while rebuilding the ruins on both sides. Therefore, if we look not only at the petty questions of one number versus another number, but at the neighborly relations we intend to build over time, then an exchange of POWs for prisoners will be possible, and can be done with a heart filled with hope. I appeal to the bereaved families who have lost their loved ones in the terror attacks committed by some of the prisoners who may be released. Don't think only of revenge, think rather of the future of Israeli-Palestinian coexistence, which will last forever. The Shalit family has acted with restrained nobility in the past three years, without extremist rhetoric or abuse. Handing the problem over to the next government now would require renewed, complicated and tangled negotiations, at the end of which, I believe, we would have to reach the same conclusions. If the prisoner exchange reinforces quiet for both sides, then the word QpriceQ will soon be forgotten, to be replaced by the word Qpeace.

CUNNINGHAM